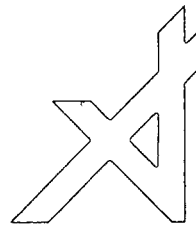


RECORDATION NO. 15089 ^A Filed & Recorded
OCT 29 1985 11-05 AM



**Industry
Financial
CORPORATION**

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 75089 Filed & Recorded

444 Lafayette Road
St. Paul, Minnesota 55101
(612) 228-4500

OCT 29 1985 11-05 AM

October 23, 1986

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th and Constitution Avenue Northwest
Washington, DC 20423

Attention: Mildred Lee, Room 2303

Dear Ms. Lee:

Attached you will find two (2) certified and true copies of an assignment between Independent Locomotive Service, Inc. and Industry Financial Corporation covering an underlying lease for Illinois Power Company. *Second Page*
These two copies are to be filed with the Interstate Commerce Commission. *Phelan*

I understand you will return one copy to us with the file numbers indicated.

We are enclosing a \$ 10.00 fee.

If you have any questions, please call me at 612-228-4511 collect.

Sincerely yours,

INDUSTRY FINANCIAL CORPORATION

Mary Jane Weierke
Mary Jane Weierke
Portfolio Administrator

Illinois Power Co
500 S 27th St
Decatur, Ill. 62525-1805

MJW/ssm

Encl.

Certified Mail - #P 290 029 509

OCT 29 1985 11-0 5 AM

LOCOMOTIVE LEASE

INTERSTATE COMMERCE COMMISSION

Agreement made this 1st day of July, 1986, between Independent Locomotive Service Corporation, a Minnesota corporation, hereinafter called "Lessor" and Illinois Power Company, an Illinois corporation, hereinafter called "Lessee".

1. DESCRIPTION. Lessor hereby leases and lets to Lessee and Lessee hereby hires and takes from Lessor, for the term and conditions hereinafter stated, one diesel-electric locomotive unit(s), hereinafter called "unit(s)", described as follows:

<u>MAKE</u>	<u>TYPE</u>	<u>MODEL</u>	<u>H.P.</u>	<u>SERIAL NO.</u>	<u>UNIT NO.</u>
EMD	GP-5		1350		1362

2. DELIVERY. Lessor shall deliver said unit(s) to Lessee at Illinois Power Company's Woodriver Station at East Alton, Illinois.

Lessee shall be responsible for all freight charges, trackage and fuel costs at the completion of this lease and for a return of the locomotive. Representatives of each of the parties hereto shall perform a joint inspection of each of the unit(s) and, except as otherwise determined by said joint inspection, each unit(s) shall be considered to be in good repair and operating condition at the time of delivery. Lessee shall have the right to refuse to accept any unit(s) not found to be in good repair at said inspection and Lessor may, at its election, repair such unit(s) to correct any deficiency found during said inspection.

3. TITLE. It is understood that at all times title of these units remains with Independent Locomotive Services Corporation.

4. ASSIGNMENT. Lessee shall not assign this lease or sublease any of said locomotives or deliver possession thereof to any other person, and shall keep them free of any mechanics' liens or other liens. Lessee shall display upon each locomotive, while in its possession, a lease board of stencil bearing substantially the following legend:
"THIS LOCOMOTIVE LEASED FROM INDEPENDENT LOCOMOTIVE SERVICE CORPORATION."

5. REPAIRS AND MAINTENANCE. Lessee agrees that said unit(s) shall be returned to the Lessor clean and in good order and in proper repair, ordinary wear and tear excepted. Lessee shall assume all expenses for repairs or reconstruction of the unit(s) due to improper usage, operator error, derailment, accident, neglect, or vandalism, however sustained, while in Lessee's possession. Lessee shall keep the unit(s) clean and inspected daily and fully supplied with the necessary consumables, to include the following:

- a. Daily inspection
- b. Lubricating oil
- c. Fuel oil
- d. Water and Water Treatment
- e. Sand
- f. All lubricating oil filters
- g. All fuel oil filters
- h. All air filters
- i. Light bulbs
- j. All fuses
- k. Brushes (all electric motors and generators)
- l. Traction motor gear lube
- m. Lubricating oil (journal) for traction motors, boxes, support bearings, and journal boxes
- n. Air hoses (train line)
- o. Brake shoes

Lessor, at its expense, will be responsible for periodic preventative maintenance in accordance with Lessor's recommended procedures, a copy of which is attached hereto and incorporated herein. If any modifications are made to the unit(s) by Lessee, the unit(s) shall be restored to their original condition before their return to Lessor. Lessee agrees to report to Lessor monthly the total gallons of fuel oil and lubricating oil consumed by each unit during the preceding month.

Lessee shall be responsible for the cost of transportation and lodging of the crew of Independent Locomotive Service Corporation for scheduled 90-day maintenance procedures in accordance and at the established rate with Lessor's recommended procedures, a copy of which is attached hereto and incorporated herein.

Lessor, at its expense, will be responsible for all maintenance of these units during the term of this lease in coordination with paragraph 11, which provides for certain repairs to be the responsibility of Lessee.

6. TAXES AND OTHER CHARGES. Lessee shall pay all costs relating to said unit(s) during the period of its possession relating to all federal, state and local taxes, including ad valorem personal property taxes, sales and use tax, imposed upon the use, possession or ownership of said unit(s).

7. INSPECTION. Lessee will allow Lessor free access to the unit(s) for the purpose of examining or exhibiting the same, or to make any repairs or alterations thereto which Lessor may deem necessary.

8. TERM. This lease shall be for a term of 3 years, commencing May 1, 1986, or upon delivery and terminating May 1, 1989.

9. RENT. Lessee shall pay to the Lessor a rental for the use of the unit(s) as follows:

Unit No. 1362

or

Dollars (\$ 47.67) per day

Dollars (\$ 1430.00) per month

The rental charge will apply on the date of delivery, but not on the date of return. Lessee shall pay two months rental for each unit in advance, which shall be first credited against any additional charges payable by the Lessee hereunder and any balance remaining shall then be credited against the last two months rental hereunder. Lessor shall render a monthly statement to Lessee for said lease payment, and Lessee shall pay the same within fifteen (15) days thereof, unless otherwise stated on the invoice such payments shall be due on the 15th of each month.

10. LIABILITY AND INDEMNIFICATION. Lessor shall not be liable under any circumstances for any loss or delay or any damage of any kind to any property or shipments caused by or resulting from the use of the unit(s). Lessor shall not be liable to Lessee because of any damage or injury caused directly or indirectly by the unit(s) or resulting in any way from the use thereof. Lessee shall fully indemnify, save harmless and defend Lessor against all claims, demands or causes of action asserted against Lessor by any other person, including employees and agents of Lessee, firm, or corporation on account of damages or injury caused by the unit(s) or resulting in any way from the use thereof. Lessee shall defend, at Lessee's expense, any litigation, including investigation expenses, arising from the operation of the unit(s). In the furtherance of such obligations of Lessee, Lessee shall provide proof of adequate insurance coverage to cover such liabilities and obligations in an amount of at least \$1,000,000.00. This paragraph shall not relieve lessor of responsibility for loss or damage arising out of negligent conduct of Lessor or its employees.

11. DAMAGE OR DESTRUCTION. Any expenses incurred for repairs or reconstruction of the unit(s) due to improper usage, operator error, derailment, accident, neglect or vandalism, however sustained while in Lessee's possession, shall be the sole obligation of the Lessee and bills for repairs or reconstruction because of said damage shall be promptly presented to and paid by Lessee. In the event any of the unit(s) are not returned by Lessee in as good condition and repair as when delivered to it, ordinary wear and tear excepted, Lessor is authorized to make necessary repairs thereto at the expense of Lessee, which expense shall be paid by Lessee on demand, and should any unit(s) be destroyed, lost or damaged beyond repair as determined by Lessor, or for any other reason not be returned to Lessor, Lessee shall pay Lessor the amount listed below:

Unit No. 1362

Dollars (\$74,500.00)

Unit No.

Dollars (\$)

The amount specified above as the value of the unit(s) shall be due and payable by Lessee to Lessor within thirty (30) days following the loss, destruction or damage to the unit(s). The daily rental

charge herein shall terminate as to each unit upon its loss, destruction or damage beyond repair. If unit(s) should fail due to maintenance required by Lessor, rent shall abate for the period of failure measured from forty-eight (48) hours after notification of failure until the unit(s) is returned to service. Rent shall be computed at a daily rate of 1/30th of the monthly rate. Notice of the facts and circumstances giving rise to said loss, destruction or damage beyond repair shall be given by Lessee to Lessor within twenty-four (24) hours of said occurrence.

12. LIMITATIONS ON USE. Lessee shall not permit the unit(s) to leave the continental United States.

13. DEFAULT AND BANKRUPTCY. In the case of insolvency of Lessee or the institution of any proceeding in bankruptcy by or against the Lessee, the appointment of a receiver, custodian or trustee, or the institution of any legal proceeding of any kind or character affecting possession of any unit(s) subject to this lease, Lessor may, at its option, retake immediate and exclusive possession of and remove the unit(s) wherever they may be found, without notice and without legal proceeding unless notice or legal proceeding is specifically required by law. In the event Lessee is generally not paying its debts as they become due or Lessor, in good faith, deems Lessee unable to continue to perform all the terms and covenants hereunder, Lessor may, at its option, retake immediate and exclusive possession of and remove the unit(s) wherever they may be found, without notice or legal proceeding unless notice or legal proceeding is specifically required by law. In the event of any default or termination of this lease for any reason whatsoever, except as provided in paragraph 11 hereof, there shall be immediately due and payable by Lessee to Lessor as and for additional rent up to the date of default or termination 180 days rental for each unit, and in the event there are more than 180 days remaining until the termination hereof as provided in paragraph 7 hereof, the amount of additional rent shall be determined by dividing the number of days remaining by two (2) and multiplying that number times the daily rental charge for each unit.

All payments required by this lease to be made by Lessee shall be made at the office of the Lessor. In the event Lessee fails to make any of the payments within five (5) days from the date payment is due, Lessor may, at its option, terminate this lease and take possession of the unit(s) without further notice, unless notice is specifically required by law, all at the expense of Lessee.

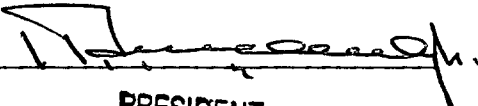
Lessor, in the case of any default by Lessee, retain the right, at its option and its sole discretion, to not resume absolute possession of unit(s) until the end of the lease term and hold Lessee responsible for all payments and without abatement of any other terms.

Any failure or refusal of Lessee to properly and fully observe the terms and conditions herein shall entitle Lessor to immediately terminate this lease and resume absolute possession of the unit(s) wheresoever situated without legal demand, notice or proceeding,

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The undersigned hereby certifies
that this is a true and correct
copy of the original.

INDUSTRY FINANCIAL CORPORATION

By 
PRESIDENT

Subscribed and sworn to me this

24 day of October A.D., 1986.

My Commission expires 7/7-89


Notary Public

